



TOWN OF ARLINGTON
DEPARTMENT OF PLANNING and
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MEMORANDUM

To: CDBG Subcommittee

From: Jenny Raitt, Director, Planning and Community Development
Erin Zwirko, Assistant Director, Planning and Community Development
Mallory Sullivan, CDBG Administrator

Date: October 13, 2020

RE: Process and Timeline to Program CDBG-CV3 (Part A) Funding

As the subcommittee is aware, on March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act provided additional federal funds for those most in need and also provides for waivers of statutory requirements related to funding limitations and statutory timelines. As part of the Act, CDBG entitlement communities, including Arlington, were awarded an additional allocation of funding, CDBG-CV, to support low- to moderate-income residents impacted by the coronavirus pandemic.

In the initial round of CDBG-CV funding, Arlington received an allocation of \$659,903 from HUD. With approval from the CDBG Subcommittee, and as detailed in the April 2020 Substantial Amendment to the 2019-2020 Annual Action Plan, the Town dedicated \$400,000 to emergency rental assistance, \$200,000 to microenterprise assistance, and \$59,903 to public services. To date, we have dispersed \$232,860.79 through rental assistance and reimbursements to small businesses. Erin Zwirko, Assistant Director, will provide a more detailed overview of the assistance provided and answer questions during the meeting.

On September 11, 2020 the third round of CDBG-CV funding was announced, CDBG-CV3 (Part A). In this allocation, Arlington was awarded \$320,485 to be used in response to the coronavirus pandemic. Funding will be available following the completion of a substantial amendment to program the new allocation and Arlington's receipt of the grant contract. This memo identifies potential funding activities, the process, and the timeline for consideration by the CDBG Subcommittee and Select Board prior to submission to HUD for review and approval.

CDBG-CV3 Funds

The activities explained in this memo are classified as Business Assistance and Public Services. The proposed activities align with the overarching goals of the 2020-2024 Consolidated Plan and CDBG National Objectives, while addressing exigent community needs resulting from the pandemic.

Total CDBG-CV3 Award	\$320,485
Business Assistance	\$200,000
Public Services	\$120,485

Business Assistance

In the current environment where many businesses have had to close, restrict opening hours, and layoff or furlough employees due to social distancing and phased reopening limitations, we recommend using the majority of the funding toward business assistance, with an emphasis on job retention and activities that will help sustain businesses through the winter months. Since March of 2020, 10 businesses in Arlington have closed. Moreover, during the pandemic, unemployment in Arlington skyrocketed, from 1.7% in March of 2020 to a high of 10.9% in June (Massachusetts Department of Unemployment Assistance). Though the latest available figures from August show a slightly decreased unemployment rate of 7.3%, the impact of the pandemic on the upcoming winter months is uncertain.

CDBG-CV3 funds can be used to support numerous economic development support activities, including technical assistance, job creation/retention, and working capital. Ali Carter, Economic Development Coordinator, is facilitating a series of working groups under the umbrella of the Arlington Economic Development Recovery Task Force to understand what types of support are most needed by local business owners. Additionally, a survey will be administered to business owners in mid-October by the Arlington Chamber of Commerce, to solicit commentary on the effect of the pandemic upon business operations. We also continue to review CDBG-CV economic development programs in other Massachusetts entitlement communities in order to develop an effective program informed by best practices. This feedback will be used to design a small business program for CDBG-CV3 (Part A) that meets the needs of the Arlington business community.

The overarching goal of a small business program would be to help avoid job loss to low-and-moderate income persons caused by business closures related to the pandemic, through short-term working capital assistance to small businesses. Small businesses with up to 20 full-time equivalent employees, including the owner(s), would be eligible for a grant up to \$10,000 for a total program of potentially \$200,000. Please note that this program differs from the business assistance program during the first round of CDBG-CV funding, during which only microenterprises – businesses with no more than 5 employees, including a low- to moderate-income owner – were eligible. This allocation will address immediate community needs while supporting two goals of the 2020-2024 Consolidated Action Plan: 1) Increase Economic Development Opportunities; and 2) Increase Access to Jobs, Education, Transportation and Other Services.

Public Services

Because the CARES Act lifted the public service cap, the CDBG Subcommittee might also consider funding local public service agencies that are providing support to those affected by the pandemic. Examples of support services that relate to basic needs, other than housing, that the Subcommittee may consider funding include other household expenses, food security, mental health counseling, child care, transportation, and senior support. Funding public services also aligns with Arlington's priority needs, as outlined in the Consolidated Plan, to

address the needs of low- and moderate-income residents, particularly children, seniors, domestic violence survivors, people with disabilities, and other low- and moderate-income populations. The Town will prioritize needs for investment in public and human services, which includes a suite of public and private agencies dedicated to issues such as food insecurity, transportation for seniors and people with disabilities, accessing affordable recreational opportunities, and health care. The amount of funding available for these programs is \$120,485.

Following meetings with representatives from Town departments, we identified several eligible activities for the remainder of CDBG-CV3 (Part A) funding. In discussions with the School Department, officials noted that supplemental tutoring is needed to support students struggling with the altered remote schooling format. Tutoring would be conducted online by qualified and trained tutors and would be targeted to students in low-moderate income households. Experts estimate that low-income students in districts not returning to fully in-class schooling until at least January 2021 will experience an average of 12.4 months of learning loss, compared with an overall average of 6.8 months lost ([McKinsey & Company](#)). Providing students with additional individualized support may mitigate the impacts of the current non-traditional learning environment. An additional area of need proposed by School Department officials includes the provision of WiFi hotspots to support students in low-moderate income households with inconsistent internet access that is affecting their ability to participate fully in school. For these programs, we recommend funding up to \$60,200.

The remaining balance of the CDBG-CV3 (Part A) funding after the suggested allocations for the business assistance program and the School Department is \$60,200. The Department of Health and Human Services shared the need for additional funding for Covid-19 testing, an eligible activity with this CDBG-CV allocation. The proposed activity is to establish a testing center on-site at Menotomy Manor for tenants. The grant could fund testing kits, contracted testing and diagnostic services, PPE, and other necessities for a safe testing site and would serve the requisite low- to moderate-income population.

Next Steps

Recommendation

If the subcommittee agrees with these recommendations, we will work with HHS and the School Department as well as the staff of the Department of Planning and Community Development to further develop these programs and prepare initial program designs. The recommendations are as follows:

Total CDGB-CV3 Award	\$320,485
Business Assistance	\$200,000
Public Services – HHS	\$60,200
Public Services – School Department	\$60,200

Substantial Amendment

The U.S. Department of Housing and Urban Development (HUD) requires that to program these funds, the entitlement community must complete a substantial amendment of the 2019-2020

Annual Action Plan. This is the same plan that was amended in the Spring for the first allocation of CDBG-CV funds. The CARES Act loosened certain procedural requirements by providing a waiver of the standard 30 day comment period. The waiver allows a comment period of no less than 5 days in order to program the funding quickly and efficiently. We plan to undertake the substantial amendment in November. As we did in the spring, we will coordinate the submission with the Select Board meeting schedule for further public review.

Based on our experience in the spring and HUD's priority to provide the funding to entitlements as soon as possible, the approval from HUD should be within a couple of days of the Substantial Amendment submission.